

Butte-Silver Bow Local Government Study Commission

Minutes of the Meeting

May 26, 2005

Butte-Silver Bow Courthouse, First Floor Conference Room

Meeting Date: May 26, 2005

Time: 5:30 p.m.

Place: Butte-Silver Bow County Courthouse, First Floor Conference Room

Call to Order: Chairman Bob Worley brought the meeting to order at 5:30 p.m. and called roll with the following results:

Members Present: Meg Sharp, Cindi Shaw, Northey Tretheway, Shag Miller, Ristene Hall, Tony Bonney, Bob Worley, and Ron Rowling

Excused Absences: Dave Palmer and Wayne Harper

Others Present: Lori Maloney, Danette Harrington, Carol Laird, Roxy Larson, Russ Connole, Steve Hess, Toni Malloy and Kevin Bone

Approval of Minutes: Chairman Bob Worley entertained a motion to approve the minutes from May 12, 2005. Meg Sharp moved that the minutes from May 12, 2005 meeting be approved with the accepted corrections. Cindi Shaw seconded the motion, and the motion carried unanimously.

Comments from Ron Rowling: Ron thanked everyone for attending tonight's meeting. He mentioned that Father Tierney is scheduled for the 16th of June and will not have a confirmation on whether he can get Council Chambers until the 2nd of June because the room has been previously reserved. He will keep Chairman Bob Worley updated on the situation. Meg Sharp asked if the public hearing could be set up in the rotunda. Ron replied that they could and would have to get chairs from the civic center to set up.

Citizen's Comments: There were no comments from the audience.

Items Not Addressed on The Agenda: None.

Guest Speakers: John Sesso, Planning Department; Evan Barrett, State Economic Development; Bill Penn, Economic Development and Karen Byrnes, URA, Community Development.

Jon Sesso-John started by recognizing the staff of the Planning Department, Ed Foley, a new member of the Planning Board, Chris Joquette, Russ Connole, Steve Hess and Kevin Bone, both with GIS, Tom Malloy, Reclamation Specialist, John Harrington, Building Official, George Marinovich, Electrician, Carol Laird, Secretary serving the Building Code area and Roxy Larson serves the Planning Department. The Planning Department is directed by the Planning Board, which serves as an advisory role to the Council of Commissioners. All decisions by the Planning Board are advisory and then confirmed by the Council of Commissioners.

One main activity is the six new members that will be serving on the Planning Board.

First thing that they do is that they are responsible for the growth policy. Growth policy is the long-term blue print for the growth of our community. The last time it was updated was 1995 and it is now due to be updated again. What is on the map now is the countywide growth policy. Jon then went on to explain the illustrated map; each color represented a different growth district. Yellow was a minimum of 40-acre parcels to the dark green, which is one. The two brown areas were industrial areas and the pink area is the urban corridor. Each of these designates a set of policies that are abiding to the growth policy. Every 10 years they are coming upon a local government to update their policies. In the rural areas, they are not contemplating much in the way of growth. In the urban corridor, they may see some changes and the desire

to make some more changes. Jon Sesso discussed the blue print and how there are four areas in the urban corridor: purple-commercial, brown-industrial, light-tan-residential, yellow-open space. Those are the guidelines within which their zoning instrument and growth is supposed to follow. In 1995, there were a few changes made on East Park Street. That corridor was designated as commercial where it used to be residential. They are waiting for the zoning instrument to catch up but in that 10-year period they have seen and enjoyed some growth. Likewise along Continental Drive and as you go downtown, past Texas Avenue, they have set forth a growth policy to change that to commercial development.

The next set of ordinances or laws that the Planning Board is responsible for is the zoning instrument, which is the set of zones that dictate what uses can be done in which areas of the community. They have multiple layers within the four categories, mentioned previously, the residential has five categories, and the commercial has three categories, and the industrial as two to three categories. These are the enforceable regulations. If somebody wants to do something in a particular area, they have to make sure they are doing it consistent with the zoning instrument. The areas outside the urban corridor that have been zoned over the years, most principally is the heavy industrial district where I-15 and I-90 join. Some of the areas have been zoned outside the corridor. Managing the zoning instrument is one of the things that take up a lot of their time. As part of the growth policy, they are also responsible for any neighborhood plans. The two neighborhood plans they have worked on most recently are the Central Butte Plan and the Hospital Area Plan. The hospital areas came up in the late 90's and in early 2000 as the hospital grew. It is also in the middle of a residential zone and from time to time some of their more intensive uses lead to some conflicts with the adjoining property owners. They recently decided to close Elm street and turn it into a cul-de-sac and break off access to Harrison Avenue. It turned out to be a positive thing because the outlying neighborhood will not be as adversely impacted by Harrison Avenue traffic. The Planning Department tries to incorporate the needs and desires of various neighborhoods into their growth policy and subsequently into the zoning ordinances of that role they play.

Subdivision regulations are the third set of policies and procedures that the Planning Department is responsible for. They entertain all of the applications for subdivisions and make sure they are done according to the policies/procedures of not only our local laws but also state laws as well. The HomeStake Meadows, off Continental Drive, was a successful venture in the 2000-2001 era. The Beef Trail ski area is just now coming to fruition in the area that was the old ski area in Flint Creek, north of the Interstate on the way to Fairmont, is the one that is starting to come to its own. This is an area where they are seeing a great area of subdivision activity. It was the first major subdivision that used the new cluster development rules that were approved by the 1990 legislature. The subdivision activity is starting to grow in Butte and is another area they are responsible for. A flood plain ordinance is the fourth set of regulatory procedures they are responsible for. This is to make sure nobody builds in the floodplain and that nobody builds too close to the flood plain along the Big Hole River along Silver Bow Creek. They need to make sure that nobody builds in the floodplain and if somebody wants to build near the floodplain, the Planning Department does its best to accommodate them. One big thing on floodplain management is when Mr. Kampershroer decided to build close to the Big Hole River near Wise River and then desired to put a bridge over the Big Hole River and that gave rise to another set of policies that the Planning Department has now incorporated into its ordinance. That is a setback and a private bridge policy. This was a bridge that they did not allow Mr. Kampershroer to put over the river but when Maryweather development came up near Melrose, the Planning Department knew they needed a policy because they said no to the Kampershroer Bridge, they said yes to the MerryWeather Bridge because they incorporated all the things that the Planning Department thought were lacking in the Kampershroer Bridge. This was all done under the floodplain ordinance and the Planning Department did not think this was a good idea so they created the bridge policy. Once they got the bridge policy in place, they were able to make progress on the Big Hole setback policy which Jon states is within a month of being incorporated into their zoning code. The Kampershroer example was a poster-child of why the setback policy made sense to the Planning Department. This particular house is in Beaverhead County so unless the four counties that border the Big Hole River were

going to play together on a setback it wasn't going to be successful. Jon feels that through the leadership of BSB and cooperation with Madison, Beaverhead and DeerLodge/Anaconda they have now set forth and incorporated a setback into their local regulations. The same ordinances that are in BSB are in place in the other three counties.

Jon then discussed how they are also responsible for the Urban Forestry program. The Planning Department has coordinated and planted hundreds of trees throughout town and is making sure they get watered with the support from the BSB Public Works Parks Department. There are many trees being planted on Iron Street, Montana Street and all through the urban area. This program is nearly 20 years old.

Jon discussed how they support other departments including Community Development and any grants that they put together. There is an infrastructure committee that is put together through the BLDC and TIFID, the development of organizations that are trying to promote economic development. They support these departments by answering any questions they may have in regard to subdivisions, surveys, water, waterlines, access to water, sewers, etc. Jon Sesso serves as Chairman to the Butte Transportation Coordinating Committee. The Transportation Coordinating Committee is currently working on updating the Transportation Plan for BSB County. The plan is due to be updated every 10 years and it sets forth the broad rush of which projects need to be worked on, such as Mount Highland Drive to get built. Furthermore, they turned Park Street from a one-way to a two-way. Finally, the Community Transportation Enhancement Program is a program that gives them approximately \$200,000 a year to build projects such as trails or pedestrian projects. They built the Blacktail Creek Trail and organized it near the visitor center. The BAP trail is the second newest edition. They replaced the railroad corridor and it goes past Montana Tech. They are currently working on the Civic Center trail between the visitor center and the Civic Center. The trail has been paved and they are now working on the landscaping. There are a couple of NRD projects that are superfund related. They are acquiring some property on Silver Bow Creek. There is also the Big Butte Project, which is coming up for public comment but is taking the opportunity to present it to the Study Commission. That would preserve approximately 360 acres. That is our Big Butte landmark. Put that ground into public ownership, restrict the motorized users, make it a pass and recreation area and find alternatives for motorized users elsewhere. That was the overview of the planning side of the department.

The Zoning Administration handles 300-350 zoning reviews per year. Anytime somebody wants to build something in town they have to get a zoning certificate to make sure the use is compatible with the zone that they are in. They expect to exceed last year's total running about 30 per month. The variances have come down a little especially special use permits. Some years are quite a bit higher than others. This past year they have had only 16, which is a good thing. The subdivisions and minor subdivisions have had only one zone change to deal with in the past year.

Jon then discussed special use permits. Continental Public Land Trust wanted to put the gym on land that is zoned residential so they needed a variance to build. Once a variance was given, the Planning Department has to deal with the enforcement of zoning violations in the context of the Community Enrichment Program. Tougher cases are the Kessel property in Williamsburg. It has taken a lot of time to have Kessel abide by the zoning regulations in the area but is doing their best to try and get people to comply. On building codes and administration, anytime somebody wants to build something in Butte, they have to get a building permit an electrical permit, a plumbing and mechanical permit. All those permits are operated out of the Planning Department and led by John Harrington and his staff. One of the large projects he has had to work on is the Brooks Hannah development. On the hospital project John Harrington was there every day and has been there for the last three-four years making sure everything was being built according to code. They deal with 400-500 permits per year. Not all permits require a zoning certificate that is why there is more permits than zoning certificates. Single-family housing is up and they hope to get to the 50-60 range of new houses and duplexes. This gives an idea of the activity within the Planning

Department. They deal with demolition permits, moving permits, sign permits, electrical, plumbing, mechanical permits and zoning cases. All those cases go through the building codes.

The last division of their group is the GIS division. Jon Sesso stated that he is proud to have gotten support from their Superfund program to develop what he considers to be one of the best GIS programs in the state. All of the data and maps seen in the presentation tonight were done by GIS staff. One of the bigger challenges they are facing is how to manage all BSB owned property. Chris is developing a program that codes each property whether it is being retained or potential surplus property. Every parcel is coded and that information is being moved to the Land Sales Committee as well as Community Enrichment in order to utilize the tool to deal with property management. All the Superfund work they do relies heavily on where things are and also where things are in relation to everything else on the hill and so they are fortunate to have the better mapping capabilities.

Jon Sesso closed by stating that Superfund Reclamation activities is another set of activities that they do in conjunction with Public Works and the Health Department and will discuss those activities at a later time. The Natural Resource Damage Claim Program has received 13 grants since the program started in 2000. Administration of the grants is a responsibility of their office, including Public Works, Community Development and Health. Jon Sesso asked if there were any questions.

Chairman Bob Worley asked about The Butte Water Company putting in a new waterline that had to go through zoning from Harrison Ave to Continental Drive. Bob Worley asked if Brooks Hannah hooked into that new waterline? Jon Sesso replied no, that Brooks Hannah would have hooked into the Elizabeth Warren waterline. Jon stated that the main from Harrison to Continental is a main that hooks into the distribution system once it passes the airport and then people tap off from the distribution system. Jon Sesso suspected that over the course of the next several years, growth might occur in south Butte above Mt. Highland. They will be tapping into the source but that was mainly designed to bring extra capacity to the lower southeast side of the corridor to promote growth. Jon went back to discuss the growth policy. In their 2005 update, they believed the most important element that will be different is the Capital Improvement Plan. A Capital Improvement Plan needs to be established so a broad picture can be drawn of where the water and sewer line extensions might be most strategically placed for the growth of our community. They hope to make great progress in that area. It is an implementation tool to the growth policy. They are going to have a Capital Improvement Plan and expect open water and sewer, that they might contemplate extensions to the main, to the southeast. This is because there are more dense populations and housing of where the justification of the extensions would be more reasonable. Bob Worley then asked about a new real estate building on Harrison Avenue that is next to the Teamster's Union Hall and he knows that setbacks are required. Bob Worley claimed somebody must have allowed the setback. Bob Worley stated that the two buildings are so close together that the drain, water trough system, on the real estate building, is overlapping the Teamster building. Bob Worley asked if anybody is aware of that or how it is that those things happen? Jon Sesso explained that the zoning code does not require a side yard set back in commercial zones. The closeness of the building is not in violation of anything. Commercial space is considered to be very valuable so side yard setbacks are more designed for residential areas in which case the pleasant and esthetic values of the developments is more important. Jon stated that they like to make sure everything is set back some distance. Bob Worley asked about an existing piece of property that a developer's packet issued six to seven years ago. It is on the corner of Granite and Wyoming on the southeast corner. Bob Worley stated that has been a mess for years. Jon Sesso replied the Bingham property has taken a turn for the good in the most recent days. Jon Sesso replied that Community Development has taken a renewed interest and are going through the procedures to make sure the soil is cleaned up properly. The owner has made a commitment to turn the property into a coffee house/urban café. Bob Worley commented that he travels a lot to Bozeman/Belgrade and noticed that there is areas set aside as block-by-block residential development. Bob asked if Butte is going to get surrounded by this type of thing or are there areas set aside where there will be residential development done where there is water, electricity, sewer and so forth. Jon replied that there is not government owned properties set

aside. However, there are ownership tracks where the owner comes forward with a preliminary development plan to set aside lots. In the urban corridor of Butte, most of the area served by the water and sewer system is fully built out. Jon Sesso stated that the more typical subdivision seen in Butte is on wells and septic systems with two to four acre minimums. Bob Worley asked if we are going to be pro-active or reactive. Jon Sesso replied that they are going to update the growth policy this year and they have specific areas that have been designated as residential development. He wants to promote residential growth versus commercial growth. Once they tie the residential growth areas to the Capital Improvement Plan, they want to proactively invest in the water line. The difficulty with this has been the growth rate. If the growth rate is not in sync with the investment, then all of BSB citizens have to take a little risk because they are going to be paying through their water rates, the interest on those investments, until the full bill is paid. The people, who are served by those lines, pay in and then pay off the return on the investments. The owners of property are not so bullish about the growth rate that they are willing to work with the County on those extensions, which are fairly costly in some areas. Between the Transportation Plan, the Growth Policy, and the Capital Improvement Plan, in the next year, at least there will be a plan in place. If the investment follows, we will at least be doing it in an orderly fashion.

Cindi Shaw thanked Jon Sesso for the presentation and said as a Study Commission, they are looking at the local government and looking at all aspects of it, including the charter. Cindi Shaw wanted to know if there was anything Jon Sesso would like to lay out on the table as far as recommendations or changes in that area since that is what the Study Commission is really there for; to study the local government as it is. Jon Sesso replied that they would have more in terms of new approaches as it relates to the environmental stewardship of the cleaned up/reclaimed areas. The Planning Department is moving into a transition where they are going from managing the clean up to the long-term management of the area and taking care of it. There are some ideas on the Superfund items. As far as the building, planning and developing of BSB community, he replied no and thinks they need to double their efforts to act as one. Jon Sesso stated that they do have a law that is relative to land use planning where state law and local regulations are conscientiously split up. Land use decisions tried to split it up from the political process. This was after decades of abuse that the political process dictated to make planning boards antonymous so land use decisions could be made based on what is good for the land. The Planning Board makes sure they are in charge of land use decisions somewhat separate from the Executive branch. Jon Sesso's view is that the more the three departments communicate the better they will be.

Tony Bonney asked with all the properties that the county is putting out for bid, do they have more steps in place that prevent properties from getting extremely worn down and where years and years don't go by before anything is done. Jon Sesso replied that there are two things in place. They are building provisions in all public properties that are granted or sold to a private individual. If they don't fulfill the promises they make, it is very difficult because they want to promote the person who has an idea to make a property more valuable. The Planning Department is saying that's a great idea and then the property owner does not fulfill their promise and the county is left holding the bag.

Secondly the passage of the community or the upgrading used to be the Community Decay Ordinance and is now the Community Enrichment Ordinance. Jon thinks there is great emphasis on the Community Enrichment problems of our community that has led to greater enforcement due to a lot more manpower being dedicated to go out to people who are abusing the ordinance. Jon stated that Butte wants growth where other areas are trying to figure out ways to control growth and have anti-growth policies in place. Butte is begging for growth so when anyone has an idea they are willing to talk to him/her. Tony stated that he remodeled one himself on 2nd Street but knows of a property on Washington that took an act of God to get torn down. Tony stated that he would hate to see properties that are worn down beyond repair take years and years to be torn down.

Jon Sesso mentioned another thing that is going to be instituted this year, is the county has waited a full three years before taking tax deed on a delinquent tax payers. Everybody has come to the conclusion that

that policy needs to be changed because between the first and the third year, all that property does is fall into a grave of deterioration before the County takes it. The Land Sales Committee and the Community Enrichment Committee are working hard to implement after the first year a person does not pay their taxes, the County will take tax deed.

Shag Miller asked when Dennis Washington took possession of the Butte Water Company in Silver Lake and George Town Lake, there was about 21 million daily gallons available, of which 3 million gallons go to the concentrator, a million gallons are going to ASMI, there is some allocated to the ranchers and there is about nine to ten million gallons that have been allocated to industrial uses such as ASMI. Shag asked if there is any chance in getting that water from Silver Lake because during the summer season we are pitifully short of water to be allocated to residential use. Jon replied that there is a chance but the long answer is that they fought hard in the transfer of the Silver Lake water system to public ownership to in fact allocate eleven to twelve million gallons for new industrial users at the Industrial Park in Silver Bow. The best asset we have for economic development is our industrial park. Jon Sesso pointed out that BSB is presently permitted to use the Silver Lake supply for industrial purposes in a non-filtered situation whereas all surface water supplies, open bodies of water for drinking, have to be filtered, except for our continued waiver from filtration from the Basin Creek supply. If it came to the day where BSB would want to drink the Silver Lake water, there would have to be another treatment plant in line or build a pipe line over to the Feely and bring it to town like we do the Big Hole treatment plant. Silver Lake water should be available for the Industrial users and our other supply should be conserved as wisely as possible.

Northey asked that what he is hearing is that there really is no legal barriers to ever getting use of the Silver Lake water for other purposes other than industrial use. Jon replied that there is a legal barrier that we cannot turn the spicket today and use it for drinking water because it is not filtered. It was asked if there was nothing legally (from contract perspective) preventing us from using that water for another specified use. Jon replied that he guesses not, it would require filtration and the consent decree from the Judge to settle the Class Action Lawsuit from 1996 that led to the transfer of the Silver Lake system to public ownership, which made it clear that it be used for industrial purposes. Jon replied to change that, a need would have to be demonstrated and then you would have to go to the judge and ask permission.

Chairman Bob Worley introduced the next guest speaker Bill Penn, Community Development.

Bill Penn-started by thanking the Study Commission for inviting him and allowing him to give an overview of how they put together a master plan, how they are working together with other departments, and how they are looking at technology as a huge need. Bill Penn will also give an overview of what they are trying to do to move forward and with that he will try and tie it all together.

Bill explained the draft of the marketing plan, which is basically a moving target. It is something that is going to need to be changed all the time as they are moving forward and recognizing the needs of the community and the needs of the potential customers that they work. Bill listed the board members on TIFID (Tax Incremental Funded Industrial District). They have 10 million in that fund which is created from ASMI because they are the biggest company that they have in that park. They will create about \$900,000.00 dollars a year for Butte and that is all based on their taxable strengths. Bill then discussed the strengths, weaknesses and opportunities segment of the handout. There is no consistent marketing plan in place or national campaign and they need to be working on identifying the targeted market. They need to identify potential companies that will fit in and work well with our community and that want to relocate. Bill Penn stated that he does not like to work on the state level because they don't like to take companies out of somebody else's county from Montana.

Bill explained that they had recent meetings with Karen Byrnes and Evan Barrett coming over from the Governor's Office. What they are taking a look at is a checkerboard situation throughout our community

such as the county owns property, private ownership companies own property and so on. Bill explained that it is hard to get a developer to come to Butte and try to create tract loans or any type of loan situation like that when they have to deal with multiple landowners and try to put a deal together. What they are trying to do is combine that to get rid of the patchwork for a lack of a better term of ownership and come together so they can start building an area that is very attractive for a developer to come in to our community and build something that brings real value to the citizenship of our community. This relationship with the other departments in our community is extremely important and from his perspective that is going very well. Bill explained that it is hard to make a deal with a business when they come out and take a look at it and say boy this is really great where is my parcel of land that I can start building on? You go oh well its over here but it has to get surveyed and we got to get this road done and this and that. But when we get that done we will sell that to you. They turn and walk away because business people do not have the luxury of time. Russ Connole got together with a surveyor and got it done in a timely manner and has several potential customers working on that Park because of the timely response that they have acted on. Bill stated that the relationships are coming together very well. Bill stated that they are starting to work with BLDC (Butte Local Development Corporation). That relationship is very strong today.

Bill went on to discuss technology needs. The quality of employees that he has seen and worked with has been extraordinary, their work ethic is second to none. Bill Penn stated that they are great people and it has been fantastic. One shortcoming that he identified is the level of technology that they are dealing within our county at this point of time. Bill explained that there are things that he used six to seven years ago in organizations that he used to work with. He does not even see that technology that the county has available. Bill stated that he recognizes that we have computers and stuff but there is other technology available that would increase productivity and response time and make the employee's tasks easier. Bill stated one example is filling out documents by hand and putting it in an in/out basket and it is getting shipped over and shipped back and it is something that could be done electronically quite easily. Bill stated that time could be applied to more important activities. Bill stated that the majority of his time is supposed to be spent on the Industrial Park to get manufactures or whatever the field is for that Industrial Park. What happens is that time is rolled over into other areas because it is just a natural fit? He explained that he gets numerous calls a day from one person wanting to get a business license to be a bricklayer and so forth. Bill explained that our current local businesses are the foundation of this community and this cannot be ignored. Bill Penn stated as much as Butte wants to bring in other companies, the Old Navy's and the Apple Bees and all the neat stuff, that is great but we need to take care of what we got already and need to nurture that and get out and talk to them and find out what their issues are and how they can be helped.

Bill Penn explained the bottom line of what he does in his job is create economic development. Bill stated that he was at a recent conference and the definition of economic development is not turning your current dollars. It is bringing in external dollars that is how economic development is created. That is where this community is headed and it is the work that people like the Study Commission come in after working all day and listen to people about what they need. Bill stated that the bottom line is Butte needs to create jobs; they need to take properties we have and give the most value to those properties. What can Butte afford and not afford? Bill Penn discussed the need for a comprehensive plan stating this is where this community would like to go, this is where this community needs to move and we have the best assets in the State of Montana. We are located between Yellowstone and Glacier, we got the mountains around us, and we got the best assets, not only physical but human resources. Bill Penn stated that there needs to be a comprehensive marketing plan and to act like we know what we are doing. We cannot be restrictive; you cannot go out with five bucks in your pocket and expect to bring a Costco in because our competitors are going after these people with a full-blown plan. That is what needs to be done and it is starting to get done. Bill Penn closed and thanked the Study Commission for their time and asked if there were any questions.

Shag Miller stated that one of the most small town developments has been Branson Missouri and is built around 30 performer owned theaters. As mentioned previously, Butte is the cultural center created by the

Mother Lode Theatre. In Destination Montana, in addition to casinos they were going to put in several theatres in the historic uptown area. In your opinion, is this a viable plan because Branson is on the Lake of the Ozarks and it is not a destination? We have the Interstate, the railroads, the hotels, the work force, and the human resources and have much more to offer in the way of a tourist attraction, could this be a location for a half a dozen or so performer owned theatres? Bill Penn stated that he opened the door on this. Butte Montana uptown is probably one of the brightest jewels around. Bill Penn stated that he is an advocate of manufacturing because we need the solid tax base to pay bills and put kids in schools. Bill Penn does not think it is an either-or-situation and it works hand in hand. Bill replied that the answer to Shag's question is yes. Bill stated that he has listened to several ideas and does not think anybody has had a bad idea, you got the Lady of The Rockies with a tram, bringing the Interstate uptown, and you take the Mining Museum, the Mother Lode and start putting all of it together, it is called traffic flow. Bill stated that from all the numbers he has seen locally, regionally, state, and from the Western half of the United States and believes the answer is yes.

Bob Worley asked if there were any other questions and commented that the Study Commission will probably have questions at a later time that they would like answered. Bob Worley asked Bill Penn if there was anything that the Study Commission could do. Bill Penn replied that he appreciated the question and the offer and his short answer is yes. Bill Penn requested a kind of policy or structure be created whether your working with TIFID or within the city itself, if some structure could be created when a potential company or market segment is identified, they could go after them under a professional marketing scheme. Bill Penn stated that currently it is extremely tough and there are multiple steps he has to go through in order to get approval to basically go after one company because the financial issues are very restrictive. So a structure needs to be created when a company or group of companies are identified that be pursued in a professional manner.

Bob Worley introduced Karen Byrnes, URA director. **Karen Byrnes**-started by giving a quick overview of the Community Development and URA department. There is a staff of four in the department including herself, Dori Skrukrud, Assistant Director, Susan Powell, Administrative Assistant, and Sue Kenny as the Administrative Assistant. There is two parts to their department, Community Development, and Urban Revitalization and they do go hand in hand. They are very well matched but are also separate. Karen began by explaining that Community Economic Development of BSB serves all of BSB. There are no boundaries; it is our city county as a whole. Activities for Community Development are funded by mainly Community Development block grants or CBG grants. In these grants that they have with Community Development, they have three. There are two of them in the start up stages and one of them is really small. They have two grants that are in relation to south Main Street. One is for infrastructure and one is for housing rehabilitation, the installation of period lighting, trees and things to make everything look nice. Their third CBG grant is very small. It is being utilized to do a housing study of BSB, which is currently complete. Within Community Development, they have a small fund that was funded by past CBG grants and used for the rehabilitation of houses in BSB. The county will have a lien placed on their deed. As they pay back the debt, the monies go back into the program. They are then are able to loan that money back out for those services. That is actually a very small fund. They have a small fund of Economic Development's funds and that is also a revolving loan fund and those can be used countywide for any sort of economic development activity. The Community Development Department has an agreement with the Bert Mooney Airport. They loaned them some funds and are in the process of paying them back for improvements they have made there. It is not a large pot of money but it is there. Also within Community Development, they have their Greenway Trail's Project that is funded through the NRD. Dori Skrukrud is the head of those projects. This is a three-year project with three phases to them and the ultimate goal will be to have it from Butte to Warm Springs Ponds. It is on the way and moving forward. Also within Community Development they administer 17 total grants for the county in the areas of fire, Law Enforcement, plus their own things for Community Development. The point that Karen wants to make with all these things that go on in Community Development is that there is no administrative costs charged to those grants. So none of their salaries, activities, supplies or postage, etc. is funded from those grants.

They always use their time and salaries for matching funds to get those grants. Karen explained that she is in a department right now that has a lot of money and a lot of work to do but they are not paying anyone to do the work. They have no support to do it and right now they are piece mealled out.

The second part of their department is Urban Revitalization. This agency was established in 1980 through the enactment of an urban renewal district. The urban renewal area is overlaying both the historical landmark district and the historic overlay zoning district. The URA's boundaries expanded in 1996 to include the upper portion that goes up to Missoula Avenue. The URA is funded through tax increment funds and is a little different than the TIFID district but in ways they are the same. They are funded with tax increment financing. What was established in 1980 was a tax base within the boundaries of the URA. That tax base year is established that is where you are going to start from and anytime there is investment in that district, it creates an increase in taxes. Any increases are captured and that money can be used to be put back into the district and through different programs. Currently they have building conservation programs, exterior improvement programs, sidewalks, and also have a loan program through the URA that can be used for building acquisition, conversion, equipment purchases and those kinds of things but only within the boundaries of that district. URA currently funds Karen's complete salary 100%. It funds 50% of the Assistant Director's salary and funds 100% of one of their Administrative Assistants. The URA board has a little bit of an issue with that because they say they are funding people who are doing other things even though it is for the greater good. Karen stated they have a five-member board that makes all the decisions on any of the grant or loan applications that come before them. Their five-member board is currently without a Chairperson and they are in the process of electing a new one. Their board consists of Kathy Finch, Alan Elmaker, Chuck Uggetti, Mike Thatcher and Randy Raffish. Right now they are working from a program guideline and are in the process of revising of it. Karen Byrnes feels that it is not as functional as it should be. Their plans for Community Development is to get their CBG grants going on Main Street. A small portion of the work has started on the sidewalks and people are going to see a lot of work done there this summer. All the sidewalks in the 600-800 blocks are going to be redone. There will be trees planted and lighting will be installed this summer. You will probably see three to six rehabilitation resident homes done this summer. Karen Byrnes commented that she would like to improve the URA district through appropriate and relevant uses of their funds. One thing she wants to talk about is the utilization of the loan program through the URA to continue the life of the district. Just recently, the last legislative session passed Bill 345 that allowed communities to continue the use of their funds derived through the URA loan program into perpetuity. If they grant funds out, that is good and she does not want to get rid of the grant, she wants to keep it. She also wants to utilize her loan program to get the most from it. If they can continue to use their loan program like that, when the URA sunsets in the year 2014 or 2015, they can continue to use those funds that they have generated through the loan program forever and she does not believe there is any specific purpose stated for those funds. So they could use them for their district and use them as they see fit. Karen states that would be a wonderful thing to have so she would want to utilize that as much as possible. Karen Byrnes is in the process of seeking general fund support from the Community Economic Development office. Right now they have much to work to do and a lot of money to use for projects and she does not understand how they can do those projects if there is nobody to help do them. Susan Powell is with their department but is paid from Building Code. Karen would like them all to be part of one team. Karen asked the Study Commission if they had any questions for her. Meg asked if there is any written policy for the URA on what can and cannot be funded? Karen replied that there is. Meg asked if this is a policy that has been since the very beginning or has it been changed periodically. Karen replied that it has changed. The basic urban renewal law has not changed but their programs and guidelines through the county have changed over the years on how the money is granted or loaned out. It has always been for exterior purposes only it has never been for interior remodeling. Meg asked what about funding personnel? Meg commented that from her experience the URA seemed to be inconsistent on whether it would finance the Director for uptown. Sometimes they said it was not allowed and sometimes they said it was; it didn't seem to be consistent. Karen replied that currently the URA is funding the Main Street program almost entirely. Meg asked if there was anything written in the original guideline? Karen replied that is not written. Meg commented that is one of the things that have been

flexible. Karen felt that is one thing that needs to be addressed because historically URA dollars are not used for operational costs of an organization except to pay for the administration of the actual district.

Karen stated that what she envisioned is to continue funding events in the uptown area such as the Christmas Stroll. She would like to help fund those events not necessarily the Director's salary or postage costs and things like that.

Shag asked about a project for an architect student at Montana State University. It is has a performance type theatre seating about 500 people. Shag's wife is president of the Performance Arch Group and is opposed on the basis providing it could be competitive vending for the Orphan Girl Broadway 215 and the Mother Lode. Neither she nor her board feels that is necessary, especially due to the costs. Karen Byrnes replied that she had met with Shag's wife and did appreciate her comments. The C4 project (community, cultural, controversial center) is in the infancy stage of consideration for anything. There has not been enough study done to make any decisions about a project of that magnitude. If it was approved, there would need to be a public hearing, marketing studies to see if it would warrant being there, how much will it cost to run it and who will run it, who is going to bear those costs, is it a county thing, what kind of taxes can be generated from it, there are lots of questions about that project. The URA would have to issue bonds in order to finance that project. They could pay the debt service on five million dollars worth of bonds and that would be it unless the tax base grew significantly. Shag commented according to Danette Gleason our bonding capability is about 11 million dollars of course it is triple A rated. Karen replied that may not be the URA bonding bill and those are separate.

Ristene asked if Karen was planning on eliminating the Main Street Director Commission. Karen replied that it would not be up to her to eliminate him and that he does not work for them. Ristene asked if he is paid through them and Karen replied that he is paid through Main Street Organization and a few other different resources. Karen stated that they provide 70-80% of their funding bill. Ristene asked if they are going to continue that funding. Karen replied that they would probably continue the funding at some level. Karen stated that they would like to continue working with Main Street and believes what they do is really important. Karen replied that she would be more than happy to help the Main Street Director pursue other sources of funding and help him apply for those things. The Main Street Director tossed the idea around to create an uptown district. There would be a payment into that fund from everyone within that district to help fund the program. He is on the agenda to attend their next URA meeting where he will discuss the projects they are currently working on, what their funding level is and what his budget request might be for them. On June 22, they will hold another URA meeting to set budgets. Currently, the funding for Main Street program is \$84,500 from URA. Ristene asked when she spoke about funding events is she going to fund all the events held each year? Karen replied that the process has been inconsistent in the past and what she would like to do is create a level of consistency for functions, events, conferences, etc. and would like their participation to be the same for each one. They would set aside a certain budget every year for those kinds of events on first come, first serve basis. Ristene asked if all the events that are currently in place will automatic or would they still have to apply. Karen replied that they would still need to apply. Ristene asked if they are all funded this year and Karen replied that she believed they were.

Meg asked if they were to get a bid, who would it be funded by business or property owners. Karen replied that the bid would not be part of the URA district but believes it would be the property owners. Tony asked if she is currently working on other areas in the uptown to get grants like the Community block grant. Karen responded that right now she is working on getting the projects discussed previously up and going. With the next funding cycle they can identify some projects that they will want to work on. Tony replied that it seems silly to put a brand new sidewalk in front of a worn down building. Tony stated that he was involved with a grant that they made available for property on Second Street and the property owners could improve roofs and heating systems and plumbing and stuff. He would like to see more of that and asked if there is currently anything in line for that. Karen stated there is not at this time but should be in the near future. Tony asked if the funding is limited to sidewalks and Karen replied that part of it is limited to

sidewalks. There is two different phases of CBG grant, one is just for sidewalks and sewer and putting in the trees and period lighting. The next phase of that is the rehabilitation of residencies, which will be refurbished completely, not just outside looks. They are partnered with the Lead program and they will address any lead issues with the homes and it's yards. They are also partnering with LEAP and they will help with anything that has to do with code such as plumbing and wiring.

Bob Worley asked that URA districts have a life until the year 2015 and asked if it is the intention to allow URA to sunset at that time or will they go back to the council to extend that another 25 years. Karen responded that the original life of the URA was 25 years and issued two different sets of bonds within that initial life, one for the high school and one for the library. Those bonds extended the life of the URA. Karen stated that she would not want to sunset the URA because she would like to have those monies from their loans available to continue on forever and it would be her goal to keep those in a revolving fund that will always be there. They will look at other districts. Ristene asked if there was a second district that was recently put together? Karen replied that it has been put together it is just not functioning. It got put together and the resolutions got done and then they learned that resolutions don't cut it. They need to be ordinances and they never were done in an ordinance form. Karen does have those drafted and she has met with the County Attorney regarding the East side urban renewal district and the initial plan in 2001 was updated in 2003 and the heat bills need to be updated again before they move forward with the public hearing ordinance and is in the process of updating that. Bob Worley requested a copy of the updated guideline.

Bob Worley asked if there was any other questions and introduced Evan Barret, Chief Development Officer. **Evan Barret** thanked everyone for the opportunity and stated that he was invited to the Study Commission to address two issues. One is to talk about the structure of Economic Development issues and to address governmental structural issues. Evan started by discussing the tax increment and the URA, which he states is an extremely complicated area. Evan explained that taxing and financing is a tool used for economic development, which is usable in both the URA and the TIFID. Evan stated that there is a line that needs drawn between the URA, which is an agency and the tax increment provision, which is a tool. The URA does not sunset but the tax increment provision will sunset at a fixed time and there is no flexibility on that time. Evan stated that a new tax increment provision could be started for that district but it starts with a new base. The URA as an agency is an urban renewal issue that is a governmental structure not a tool and can be continued forever. Second thing that Evan wanted to discuss regarding the tax increment is their uses. The question is are they delineated anywhere? They are delineated in the state statutes precisely most of it is for infrastructure. There is a list in subsection 4 that lists water lines, sewer lines, telephone and communication lines, roads, streets, parking lots, curbs, gutters and so forth. All of those are proper uses. You can use it to aggregate land, buy property, etc. Evan commented how is it used in terms of people? Evan stated that there is a provision in that section of statutes that says you can spend tax increment money for the purposes of administering the district. For example, can you market a little bit with it? Is marketing part of an administrative district, he believes that it is. One of the challenges that Karen is facing is if 100% of the salaries in that department are paid for by tax increment and they are doing work outside of the urban renewable area, which they are, it is not a proper use of that money.

Evan moved on to discuss economic development and stated that the Study Commission has the ability as a charter commission, as a local government of Butte, to set some tone and direction for economic development and push its importance. It is not recognized in the charter. Evan stated that you don't have to have a charter created department to recognize the importance of the function, whether it is the language that can be written generally in the section about economic development or it becoming part of the preamble, the general policy portions of the beginning of the charter. Evan felt it would be important for Butte Silver Bow to indicate the functions of government that are important everything ranging from Public Works to Social Services, Health and Economic Development can and should probably be recognized in

the charter. Not necessarily in a structured way that is saying it has to be a department or division but that it is a role of importance and a function that should be performed by this government.

Secondly, successful economic development in this state and this country is predominantly found in a partnership structure between the government and the private sector. In terms of government and for profit sector, in terms of actual business growth but in terms of delivering economic growth, the innate nature of economic development is for certain periods of time one has to have confidentiality to make business deals happen. You have an inherent conflict between the need of the business development to be confidential and the requirements of the Montana State Constitution, which requires openness and disclosure. So government is the full disclosure and economic development is confidentiality. Seems like there is something that needs to be married there some kind of structural things done that allow a community to move forward in economic development and meet both sides of that equation. In Butte, the most predominate non-profit organization is the Butte Local Development Corporation. Evan feels that the charter should indicate that the function of economic development inherently involves public private partnerships. You don't have to say what structure or form but give, by virtue of charter language, sanction to local government to do it this way. State statute allows it but Butte is a self-governing power and restating and pushing that is saying that the people in this state, of this community, adopt a charter language change are saying we want a partnership to exist. Evan thinks those kind of language changes in the charter can give some sense of importance or direction on how to formulate things together to do it. Charter language cannot have to many specifics and Evan would not necessarily recommend a Department of Economic Development be recognized in the charter because you could force a circumstance where you have duplicated services which none of have the luxury of doing. They have limited resources in a community like this and cannot have two to three entities doing the same thing. The idea is to get them to work together. So Evan does not recommend a departmental recognition but a functional recommendation. Evan feels that it would allow flexibility but set direction which is necessary to make government work well. Evan did not feel it was necessary to discuss financing development, that is done in the statutes and there is a number of ways to do it such as through the voice of people or mil levies.

Evan mentioned on a structural basis, one thing that does exist in Montana has now been utilized in Butte and that is public port authorities. Port authorities have an economic development function by statute. It was slipped into the statute by towns that like the fact that you can levy two mils for port. There are only two ports in Montana, Shelby and Butte. There are other ports but they are used for economic purposes. The city of Billings, they have the Big Sky Economic Development Authority, which is a public board authority, they get 2 mils from Yellowstone and it raises about \$600,000 a year. That is what Butte has to compete with. They are trying through the legislature to establish ways in which mil levies can be above the cap instead of having to be underneath or demoted there is a lot of complexities. He thinks the door needs to be opened for maximum creative partnership between the private non-profit sector and the local sector to achieve economic development. That is what Evan really wants to offer to the Study Commission, their mission of how economic development needs to be addressed; those are Evan's first thoughts. Northey asked why Evan feels that with the growth that is materializing in Western Montana, why is it that Butte has not participated as much? Evan replied that Butte fights an uphill battle of first impression. It has a hole in the ground and when people see us, they see old and us having the largest Superfund site and do not see Butte the way we do. Butte starts out a step or two below places that don't have the environmental degradation that Butte has. There is a flip side to that and that is the jewel uptown, the historic district, which is a great asset but still people don't necessarily see economic opportunity in that.

Secondly, growth all across America is centered primarily around large research universities. Montana's two universities in Bozeman and Missoula are reaching way beyond 150 million research dollars between the two of them and that drives a lot of economic growth in the new technology areas. Great Falls and Butte are slower growing areas. Helena's growth is mostly in government. Missoula and Bozeman are

about university research. Kalispell is kind of in between; they have a lot of growth by attracting people from the outside. Butte's slow growth is due to the image problem. The second thing is that Butte has much more severe economic dislocation than other areas. It seems like every time Butte starts to make some decent recovery from the Anaconda stuff, then we it gets hit with all the Montana Power and Touch America stuff. In the meantime, throw Rhone Poulenc into it. The basic sector things have a great effect on the economy. Those are some of the reasons why. Evan feels that Butte is poised for a lot growth right now and thinks things are going to be happening but there will be some challenges. The successful areas around us has challenged Butte in a retail way. For example, Lowe's does not want to put a store into Butte because they figure the people of Butte can drive to 60-80 miles to one in Bozeman or Helena. Evan thinks it is important to know that most of the things that make it tough for Butte's development are things beyond the control of the leadership of the community. The environment degradation cannot be changed and will have to work within that context. At this stage our University is not as big and strong in research as others. One thing that can be controlled is how hard the community works at committing itself to growth. Evan stated that from the state government level they are working very close with Community Economic Development, the city, the BLDC and there is good possibilities.

Shag commented that he was first president of the BLDC for four years. Shag stated that their mission as a commission, should we and how could we add something to the charters which were directed to economic development and how could it supplement the existing agencies so involved, for profit and governmental. Evan replied that when you think of charter language it's a sanctioning and a giving recognition to the presence of public entities and private entities being involved and the need for them to work together and share resources and that is about all you can do. If you try to form structures that is almost a statutory or ordinance issue and it really does not belong in the charter but you can state the relevant importance of the local government to work in this vineyard and direct them to do it in a manner that is not isolated and separated from the private side.

Northey Tretheway asked if he had any examples of wording that may be applicable to what Evan was talking about, if there was someone else that put it in the charter or state using their methods. Evan replied that one thing that could be done is to look at the preamble of the constitution because it states what the citizens have as rights and they have a right to certain things and they may want to establish that. The citizens of this community have a right to a strong economy and economic sustainability and the ability to have a job with the quality to raise a family. You can put that language in the charter under the rights of the citizens. Northey commented that the trend seems to be a partnership with the non-profit so given the difference between the confidentiality and disclosure of the two you would think there would be some structured language that asks that. Evan replied that you cannot write charter language that changes the requirement for openness in government. Notwithstanding the requirement for confidentiality in economic development so the only way to beat that and not to address it head on with language but to address it lethally by saying if government partners with the private sector, you set the stage for being able to comfort the problem. Bob Worley asked if Evan would draft a couple of ideas.

Evan asked if there was anything else that needs to be discussed on the economic side. Evan started out in governmental organizations structures and working all different levels of government he has opinions about governmental structure. Mostly about the executive branch but feels that there is a structure in BSB that has real opportunity because it is a self-governing power. Butte has a charter language that says the executive branch consists of series of elected officials at the top, which is the Chief Executive and staff works under them and everything else. No action of the government can take place unless it is approved by Council which is the legislative branch so then you have the legislative branch actually being legislative and executive. Evan stated that is something that concerns him whether it be here or in Helena. Right now in Helena the legislative branch is making incursions into the executive branch by requiring that certain boards or commissions have legislatures on them by trying to micromanage the executive instead of saying giving direction and saying go do it. There is a lot of incursions in the executive branch which the

governor recently put a red line through a lot of it. Evan stated that the Study Commission might want to look at that issue of do you have clear lines between a legislative function and an executive function. The legislative branch should be about policy setting. Evan stated that they should not be spending hours and hours debating, if it is about an important policy that's fine, but the stuff that they have to deal with and sign off on is frankly "silly". You elect people to run the executive branch, you elect people to be the legislature, you elect people to be the judges and they have separate functions, the basic American governmental structure, National, State and Local. Secondly, there is a propensity of charter commissions that want to toss around how many elected officials there ought to be. The Montana constitution basically states that you can have an organization structured under a governor for most of the government and still have an auditor who performs a function and still have an Attorney General who performs a function and it can work. Evan stated that people can get too idealistic with this structure and the truth of this is that people do not want to give up their right to vote on elected officials.

Evan closed and the Study Commission thanked him for attending.

Survey Updates: Bob Worley covered the survey on May 23, 2005. Bob stated that a couple of things that he went ahead and did for the public hearing was order advertising.

Bob made arrangements for a focus program to be aired June 5th. The pressing need is that will be recorded on May 31st at 11 a.m. Northey and Bob stated they would attend. Shag stated that he could be the third member in that. Bob brought them a local government review brochure to Marci who will facilitate that so she is able to become familiar with Study Commissions. It will take about 30-45 minutes.

Meg and Shag agreed to do the newspaper ad. Bob mentioned the flight program that cost them \$9.00 a column inch and if do four ads that saves them \$6.00 a column inch. Bob set the days for June 12th, 13th, 15th, and 16th.

Bob mentioned that there would be no guest speakers for next week's meetings and if they could highlight the things that should be covered or things that they are looking to change in the charter.

June 2, 2005 will probably be the last meeting until the public hearing on the 16th as it was decided to go every other week in the summer time.

Bob asked that Ron Rowling get in touch with Dave, Wayne and Tony and to tell them to list priorities of things that are going to go before the commission and possible ideas in changing the charter.

Date of Next Meeting: The next meeting will be on June 2, 2005.

Discussion of Guest Speakers: Northey stated that Linda Sajor-Joyce wanted to make a presentation to the Study Commission. Bob mentioned that there were others, Mark Reavis and Greg Edelen.

Adjournment of Meeting: Bob entertained a motion to adjourn. Northey motioned to adjourn and Meg seconded. The meeting ended at approximately 8:30 p.m.